

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 907 – HB 992

April 21, 2015

SUMMARY OF ORIGINAL BILL: Enacts the Transportation Network Company Services Act, for the purpose of establishing rules, regulations, and guidelines for transportation network companies (TNCs) operating within the state.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures – Not Significant

Forgone Local Revenue – Exceeds \$20,000 per year/Permissive

IMPACT TO COMMERCE OF ORIGINAL BILL:

Increase Business Expenditures – Unknown

Jobs Impact – Not Significant

SUMMARY OF AMENDMENTS (005700, 005939, 006096, 006122):

Amendment 005700 deletes and rewrites the bill in its entirety; enacts the Transportation Network Company Services Act, for the purpose of establishing rules, regulations, and guidelines for transportation network companies (TNCs) operating within the state.

Amendment 005939 makes several technical corrections; requires the TNC to keep a trip record for two years, rather than one year; declares that if a motor vehicle accident occurs the TNC is required to provide documentation that the driver was logged into the network at the time of the accident, and requires all TNCs to comply with law enforcement investigations in which trip data may be pertinent.

Amendment 006096 prohibits TNC drivers from accepting cash payments or solicitation of rides while providing TNC services.

Amendment 006122 declares that nothing in the bill limits the right of a lender or secured party of a driver's vehicle to require a driver to maintain comprehensive and collision damage coverage for a driver's vehicle, or to show evidence of such coverage to the lender or secured party, that would cover the period when the driver is logged on to the transportation network company's digital network but is not engaged in a prearranged ride or when the driver is engaged in a prearranged ride. Authorizes the lender or secured party to obtain the coverage at the expense of the driver if the driver fails to obtain it. Requires lender or secured interest to cause its insurer to issue the payment either directly to the vehicle repair shop or jointly to the

owner of the vehicle and the primary lender or secured party on the covered vehicle when transportation network company's insurer makes a payment for a claim for damage to the driver's vehicle that is covered under comprehensive and collision damage coverage held by the transportation network company.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- Metro-Nashville Davidson County (MNDC) confirms plans to begin charging any operating TNC an annual fee of \$4,250.
- There are at least two TNCs operating in MNDC. Passage of this amended bill will prevent the county from going forward with its current plans to, permissively, charge this fee.
- MNDC estimates that passage of this bill would cause them to forgo approximately \$8,500 per year.
- Assuming similar plans are currently being negotiated in Chattanooga, Knoxville, and Memphis, and further assuming this bill would prevent the collection of any future fees for these cities, the total forgone amount of revenue could exceed \$20,000 per year statewide.
- This bill places no regulatory responsibility on any state department or agency; therefore, any impact to state revenue or expenditures is considered not significant.
- In addition, the bill places no regulatory responsibilities on any local government entity; as a result, any change in current local revenue or current local expenditures is considered not significant.
- The bill establishes the legal framework for any such TNC to self-regulate.
- Any other impact as a result of this bill will be borne by private parties, including the requirements of the bill as amended by amendment 005939.

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- TNCs are already operating in the four largest municipalities in the state under similar conditions.
- This bill will require additional business expenditures for ensuring compliance with the act; however, the extent of any such increased business expenditures is unknown and dependent upon the extent to which any TNC complies with the act.
- Given companies currently operate within the state as TNCs, any impact to jobs is considered not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink, appearing to read "Jeffrey L. Spalding". The signature is fluid and cursive, with the first name "Jeffrey" and last name "Spalding" clearly distinguishable.

Jeffrey L. Spalding, Executive Director

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